The Role Of The State In United States Regional Development

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Abstract:

The southeastern portion of the United States has a long history as the poorest and most underdeveloped region of that nation. As such, it is analogous to poor regions of other nations, such as the northeast section of Brazil. Since the 1930s, the south has experienced a dramatic rise in income, and is now almost at parity with the rest of the country. While some claim that this transformation is the result of unaided market forces, a look at the record suggests otherwise. Of vital importance to development were the interventions of the New Deal, which raised wages and led to technological advance in the south's traditional agricultural economy. After the second World War, southern politicians were able to attract industry by keeping unions at bay. These political leaders were further able to garner much federal spending for their districts, especially that related to military activities. These "political" efforts were crucial to the region's growth. While antipathy to unions and a pro-business atmosphere have contributed to job growth, they have also had an underside in the form of low education and other measures of human development. Those involved in regional development policy-making will want to note the experience of the southern United States.

Key-Words:

Regional Development; Regional Development Policy; United States of America.

1 - INTRODUCTION

The southeastern region of the United States has grown at a faster rate than the rest of the nation, and today *per-capita* income in the region is 92 percent of the national average (LAGGING..., 1998). This contrasts to a long history of stagnation and poverty; even by the 1930s, income per person, was only half that, relative to the country as a whole (COBB, 1982). Long infamous for low wages, by the 1970s the south had, by some measures, caught up with and even surpassed the northeastern United States in terms of the purchasing power of its local wages (SAHLING & SMITH, 1983). As a poor area, the circumstances and rejuvenation of the southeast U.S. contains lessons for underdeveloped regions in other parts of the world, especially Northeast Brazil. Neoliberalism and a reliance on market forces dominate much policy discussion currently. However, an examination of southern growth casts doubt on the notion that the unaided market, by itself, will reduce regional income and growth differentials for areas that have long been the "poorer cousins" of their respective countries.

Decades of large wage and income differentials had failed to produce convergence between the south and other areas. In view of the authors, New Deal interventions dealt a decisive blow to the organization of the agricultural economy that had been in place. Deliberate subsidies and attempts by state governments to target and attract industry have been important in the years since the Roosevelt administration. An integral part of this strategy has been the marketing of a "business-friendly" environment to prospective firms contemplating location decisions. In practice, this has come to mean low power for unions as well as low taxes and regulation. Finally, pressure by southern members of Congress has shifted a large share of federal funds to the region, especially in the area of defense expenditures. These deliberate "government" policies have radically transformed the former confederacy, after eighty years of unfettered markets failing to do the trick.

This paper proceeds as follows. The poverty and underdevelopment of the south prior to the 1930s will be detailed. How the New Deal programs brought radical change to the economic landscape are then discussed. The state and local level boosterism that was used to attract manufacturing plants, and the increased level of federal funding will be explored. Finally, the downside of the south's economic strategy will also be investigated. The problematic aspect of this development is excessive reliance on a business-friendly atmosphere. This means low services to accommodate low taxes, and little attention paid to education. The result is a region with an over-reliance on branch plants. These are manufacturing operations geographically separated from their parent companies. Such plants are often part of footloose industries that came to the south for low costs and are liable to leave when lower cost opportunities present themselves. It is concluded that, whatever the shortcomings of southern development, *per-capita* income has converged close to the national average and that this would not have happened in the absence of government intervention.

2 - THE NATION'S POOREST REGION

In 1938, the administration of Franklin Roosevelt commissioned a study on the low output and economic backwardness of the region, "Report on Economic Conditions of the South." The sad picture painted by the report led the president to declare the south the "Nation's No. 1 Economic Problem-the Nation's problem, not merely the South's" (SCHULMAN, 1991). The report went on to label the old confederacy "a belt of sickness, misery and early death". Low income was manifested in problems of poor housing, disease and malnutrition. Company towns often had rows of wooden houses built next to mines or mills. Running water was a rarity in some areas. Lack of sanitation fed the problem of poor health. Diseases such as hookworm and anemia were a direct result of poor sanitation and a lack of running water (NATIONAL..., 1983). Other health problems such as malaria were afflicting the region. By one estimate, the effects of sick time and other costs associated with malaria cost one third of production in North Carolina mills. Needless to say, the level of public infrastructure was very low.

Most industries in the south paid very low wages. Child labor, even into the 1930s, was endemic. Women were often forced to work outside the home to support their families. The presence of woman and child labor further tended to depress wages for men. Another problem was the lack of well-developed capital and labor markets. Any drive by entrepreneurs to grow indigenous business ran into a financing constraint that generally had to be satisfied from outside the region. The NATIONAL... (1983) noted that outside bankers and lenders “reaped a rich harvest in the form of interest and dividends”. This aspect of underdevelopment is noteworthy for countries such as Brazil at the present time. Development banks have been chartered for years to serve the poor Northeastern part of Brazil. With the push for privatization and financial liberalization, many state banks are curtailing their activities or being sold to business investors. Whether poorer regions can get funding in any sizeable quantity through purely private sources remains doubtful.

Why such a situation should persist so far into the twentieth century presents a puzzle to economists. The seventy years after the Civil War concluded in 1865 consisted of one of the most freewheeling eras of *laissez-faire* the world has seen. The northern part of the United States moved rapidly in this period from an agricultural economy to one based on manufacturing industry. While the north was first to industrialize, the south was rich in natural resources and had, in no small part thanks to emancipation after the war, a large pool of cheap labor. And southern officials in fact promoted the region to low-wage, labor intensive industries in the 1880s. While some firms, such as those involved in textiles, did come south, large scale industrial development did not materialize (COBB, 1982).

This constitutes a quandary for neoclassical theory. First, neoclassical growth models, which take technological change and other factors such as savings rates as exogenous, predict convergence in growth rates and income levels for such given exogenous factors. While there might be variables that prevent convergence for very different countries, it is hard to understand, within the neoclassical context, the failure for areas “within” a given country, with freely functioning markets, to converge. Secondly, standard wage models predict that labor will migrate from low wage areas to those where worker remuneration is higher. The movement out of the low wage area will lower labor supply, increasing wages there. Analogously, migration into the high wage area will increase labor supply, lowering wages there. This migration will continue, in such a model, until wages in the two regions are equal. Why then, were there such persistent differentials in wages and incomes within the United States over more than seventy years?

Several explanations have been offered. A frequent culprit in the literature is the hot climate of Dixie, which was remedied after the 1940s by the advent of air conditioning. OLSON (1983) questions this explanation, as the growth in manufacturing in the south coincided with its growth in northwestern plains states. However, as an alternative explanation, the author speculates that the high transportation costs that existed before the second world war inhibited industrial location in the south. This may indeed have been a factor. WRIGHT (1986) proposes the hypothesis that the south was a separate labor market. There were ties of family, culture and information that, while not making the region a prison, inhibited labor from seeking higher wages. Moreover, factor price equalization did not occur in the pre-depression years since the south produced products different from the north. In particular, the region’s dependence on cotton exacerbated the situation. This crop was subject to swings in world demand and was farmed on small, labor-intensive plots. At the level of technology in existence at the time, there was a lack of alternative crops to plant that might have raised income levels.

Despite a separate labor market, wage differentials would presumably entice manufacturing to enter Dixie. It failed to take hold, for all but the low-paying industries, until the 1940s, due to several other important factors as well. Wright argues that since the north industrialized first, the south lacked first mover advantage in manufacturing. This was decisive since in many of the higher wage manufacturing sectors there were significant economies of scale and learning by doing effects that would favor the first to capture the industry. In addition, the lack of manufacturing fed on itself as the industry’s absence meant that no indigenous community of engineers or technicians developed.

As a result of these hindrances on development, the south found itself the most vulnerable region in the nation when the depression hit. All of the pathologies of underdevelopment would no longer be hidden as they festered and brought national attention to the region. The New Deal, rather than labor or capital flows automatically taking place through the market mechanism, would break the region out of its segmented economic cocoon.

3 -THE ROLE OF THE NEW DEAL

Seventy years of underdevelopment had not managed to raise southern incomes. The region had only low-paying sources of employment. Thus, despite the drop in world demand, the new dealers did not see the solution to Dixie's ills as being the attraction of more industry enticed by low wages. Rather, low wages were the problem, and decisive action was needed to get high-wage employment into the region (SCHULMAN, 1991).

The administration passed a series of reforms such as the National Industrial Recovery Act, (NIRA), the National Recovery Act (NRA) and finally, in 1938 the Fair Labor Standards Act. The goal was to cause employers to pay higher wages to workers. Upon passage of NIRA, Roosevelt declared "It seems plain to me that no business which depends for its existence on paying less than living wages to workers has any right to continue in this country". Raising compensation would, in the view of proponents, alleviate poverty and increase purchasing power, boosting the economy. Furthermore, by demanding that all businesses pay certain base wages, competition among firms that would drive wages and living standards down could be avoided. Critics maintained that by increasing the price of labor, the reforms would lead to unemployment as businesses laid workers off. And in the south, some worried that higher wages would destroy the region's most important competitive advantage. Whatever the effects, good or ill, nowhere would they be felt more strongly than in Dixie, which had by far the highest proportion of low wage industry in the country. Southern businesses were in many cases quite resistant to paying higher wages since, as mentioned, low pay was a sort of comparative advantage for southern enterprise. In response to these concerns, a scale of different wages was introduced, with southern industry allowed to pay less than northern companies. The conflict between those who see low pay as an attraction to industry and a way to create jobs and wealth and those who see it as the road to continued underdevelopment continues to this day.

Despite the different pay scales, the higher minimum wage was undoubtedly effective at raising compensation for those employed in southern manufacturing. As pointed out in both Schulman and Wright, a measure of the effectiveness of minimum wage legislation is a skewed wage distribution in which most workers in an industry receive the same wage. In the light manufacturing industries of the region, such as textiles, lumber, and shoes, this skewed distribution was present after passage of the legislation. Furthermore, the change in wages for southern workers was far greater than for those in other areas. In textiles, for instance, despite the existence of a sizable wage differential between northern and southern workers, there had been no movement toward convergence at all between 1889 and 1933. The minimum wage, however, raised southern common labor wages by 40 percent between 1933 and 1935. The corresponding increase in northern wages was only 20 percent (SCHULMAN, 1991). Moreover, when the minimum wage was briefly banned after NIRA was declared unconstitutional, southern wages slid somewhat WRIGHT (1986), indicating that managers were forced to pay higher compensation.

While the New Deal policies unquestionably increased wages for those left employed in the south, there was, as conservative critics predicted, a large negative impact on low skilled workers. Some programs, such as the Works Progress Administration (WPA) attempted to ameliorate the situation by hiring jobless workers. These efforts were not sufficient to save multitudes of laborers from unemployment, however. Many lost jobs as companies were unwilling or unable to compete in the face of higher wage costs. This displacement fell most heavily on black workers. This was because blacks were disproportionately unskilled at the time, and because, in the tense economic atmosphere, discriminating against blacks was more acceptable than laying off whites. Of course there had long been discrimination against blacks, and the depression exacerbated racial problems and prompted a large migration of blacks, as well as unskilled whites, out of the area.

Another effect of the minimum wage was that businesses substituted machinery for labor much more quickly than they had been. The south had employed technology that was far more labor-intensive than that in the north, even for the same industries. The higher wages now lowered the differential between southern and non-southern labor and justified the substitution of capital for workers. Presumably, this increased productivity and incomes in the south over the long run. Moreover, much of the displaced labor included children and prisoners, and some officials, while admitting the reforms had caused some displacement, believed they were worth it overall since the jobs lost were often done under the worst of conditions (SCHULMAN,1991).

The other aspect of New Deal reform that dramatically changed the southern economy was the Agricultural Adjustment Act, or AAA. This act sought to raise farm incomes by establishing minimum prices for agricultural products.

The southern economy had been centered around small-scale, tenant farming. According to the NATIONAL... (1983) the operating units averaged only 71 acres, and one quarter were less than twenty acres. The tenancy arrangement and lack of scale caused several serious problems. First, tenants had little incentive in preserving soil they didn't own. And as there was little land, it would tend to all be planted, rather than leaving some land fallow for restoration. Thus much land in the south lost its fertility as minerals were lost. Much was also vulnerable to erosion. Heavily planted land is more prone to being washed away. This phenomenon also contributed to chronic flooding, which, according to the NATIONAL... (1983) cost the nation $35 million annually.

The depression had hit the farming south very hard, drastically lowering the price of crops such as cotton and tobacco. Given the already impoverished state of tenants and sharecroppers, typified in novels such as “Tobacco Road”, a major humanitarian disaster loomed. Thus these farm subsidy programs raised farm prices by paying owners of plantations to reduce acreage under cultivation. The traditional method of southern farming was based on small plots and sharecropping, and like southern manufacturing, was far less mechanized than northern agriculture. The programs' planners had hoped that owners would share the subsidies with sharecroppers. However, many southern planters refused to share the proceeds, and in fact displaced many tenants and instead hired day labor. This caused many poor tenant farmers to leave the region. However, when plating season came around, these out-migrants were missed.

This situation created radical change in southern agriculture. Most prominently, the absence of labor led to the adoption of new technologies and widespread mechanization. A mechanical cotton picker had been in the works since the middle of the nineteenth century. However, it was not economically feasible, as the high fixed costs of adoption were prohibitive, given the small scale of southern farming. Once tenants had been displaced from farms, the scale of operations grew, and it was then economical to employ higher technology. The International Harvester corporation developed a cotton picker in the 1940s and it was widely adopted in the region throughout the 1950s (WRIGHT, 1986).

It is important to note that the adoption of the new technology came about after tenant farmers left the region in droves. Some mistakenly think that the new technology made unskilled farm labor obsolete. However, causation occurred in the opposite way. Workers left, then the cotton picker was adopted. A Texas agricultural engineer was quoted as saying “instead of the machines replacing labor, they were used to replace the labor that had left the farm” (WRIGHT, 1986). Thus it was not market forces working to change the south. Rather, minimum wage and farm legislation eliminated some important wage differentials, thus uniting the southern labor market with the rest of the country (see Wright for a detailed explanation). While by no means complete, convergence with the rest of the nation had been given a solid push by the New Deal.

4 - SUBSIDIES AND GOOD "BUSINESS ENVIRONMENT"

While the New Deal was virtually imposed upon the south, some inside the region sought to alleviate the economic situation by purposefully attracting business to the region. While there was a strong tradition of market economics and many state constitutions forbade local governments from enticing new plants with subsidies, many officials in the depth of the depression actively sought to market their states to business. This marketing had two components, the first being the provision of subsidies by state and local governments and the promotion of a business-friendly labor force, which in practice came to mean low wages and little union power.

The first state to launch a major official effort in the direction of attracting industry in the depression was Mississippi with its "Balance Agriculture with Industry" Act (BAWI) in 1936. This provided for issuing bonds, to be serviced at government expense, in order to build plants which would be provided free to industry. Relative to its neighbors, Mississippi seemed to do well in attracting companies, and after World War II all southern states, except North Carolina adopted some kind of bond program to provide subsidies to industry. There were critics who claimed that such schemes would be ineffective, but COBB (1982) believes that half of the plants that moved to Mississippi between 1949 and 1958 did so as a result of government subsidies.

An integral part of such government programs was to market the local labor force as being low cost and unlikely to unionize. As COBB (1982) explains the strategy at the municipal level: "most small towns relied on the same locational appeal: good climate, low taxes, cooperative government, and an abundance of eager, non-union labor. State and local promoters went out of their way to get the message across in subtle and sometimes not-so-subtle ways. And this was no false advertising. Between 1947 and 1954, all of the former confederate state enacted right to work laws.

Some have questioned whether the low union, business-friendly and low tax environment that southern states provided induced industry to migrate. NEWMAN (1983) addressed this controversy by regressing the change in industry employment on a set of factors meant to capture the southern economy. These included state income tax rates and levels of unionization. In addition, in order to capture just how business friendly a state is, the author uses the presence of right to work laws. If such laws have been passed in a state, it presumably sends a positive signal to firms regarding labor-management relations. The author finds that for a number of industries, these proxies had statistically significant effects in luring firms to the south. It is clear that this economic environment was, like the changes wrought by the New Deal, the result of specific government policy. Southern leaders sought to contrast their region to the rest of the country to grow their economy. As SCHULMAN (1991) points out, prior to 1950, the south was a high-tax region. The change in regime was part of a political strategy to change the economic landscape.

5 - FEDERAL EXPENDITURES AND LEGISLATIVE POWER

In the early 1950s, as the northeast and midwest lost industry to the south, some members of congress representing the "losing" regions sought legal redress. The young John Kennedy of Massachusetts and others would offer bills aimed at ending tax breaks for municipal bonds floated to build plants for industry. This practice represented, they believed, an unfair advantage for the south. Despite repeated efforts, such legislation failed as it ran into southern opposition. The southern representatives frequently had much seniority and were able to effectively lobby their region's interest. This new phenomenon, of southern congressmen effectively using their seniority and power to help their home states, both through blocking unfavorable legislation and, at least as importantly, by steering funds to home districts would be a major part of southern development strategy in the years after the second world war.

The use of federal funds, secured through political power as a means for growth in the former confederacy is ironic given the region's history. Politicians were suspicious of and in fact hostile to government spending, especially at the federal level. Some of this hostility may have stemmed from traditional free-market ideology. However, a fear held by many in the south was that government dollars would transform the area and break up the traditional small-scale agriculture orientation of the economy. As has been discussed, this is precisely what occurred. While the south did receive funds from New Deal programs, it received less funding in the 1930s than any other region (WRIGHT, 1986). Politicians in many instances fought to keep funding out of their states. This state of affairs would reverse dramatically in the years following World War II.

The spending initially associated with the New Deal had social purposes and its main goal. The Tennessee Valley Authority, for instance, was created to promote cheap electricity and create more navigable waterways. In so doing, it was hoped that a new way of life would be created for residents of the area. It was one program that was welcomed by many suspicious southern authorities. However, as SCHULMAN (1991) points out, five years after its beginning, it had produced only modest change. It followed through only on those programs which did not threaten the traditional economic structure of the region. This pattern of attracting only certain kinds of non-threatening government funds has been repeated ever since. The region would attract much defense spending, but keep low levels of welfare and other social expenditures.

Since many government social programs created during and since the New Deal are aimed at reducing inequality and poverty, regions with a disproportionate amount of poor citizens get more than their share. A study by BETSON & HAVEMAN (1984) found that these programs were successful in gaining some reduction inequality between the south and the rest of the country.

By 1975, the region that had earlier resisted federal spending was receiving $11.5 billion more in funds that it paid back in taxes to the federal government, while the midwest and midatlantic states received $30.8 billion less than they paid (COBB, 1982). While transfer payments accounted for some of this difference, a major factor was defense spending. The region accounted for only seven percent of total defense expenditures in 1950, but this figure rose to 15 percent by 1960 and nearly 25 percent by 1970 (SCHULMAN, 1991).

The spigot of federal defense and defense-related expenditures was turned on by influential southern politicians on seniority-laden committees. For instance, L. Mendel Rivers of South Carolina was chairman of the House Armed Services committee, and placed an Air Force base, a Naval base, a Coast Guard station, and so many other military installations into his district that a colleague worried that the district would “sink” were any further bases placed there.

Other powerful politicians, such as Lyndon Johnson and Albert Thomas were instrumental in getting the National Aeronautics and Space Administration to locate its headquarters in Houston. There was really no logistical rationale for its Houston as headquarters. All of this space and defense activity had spillover effects on the local economies beyond the immediate job benefits of the installation itself. The activity required technically trained professionals, so local universities were given large grants to conduct the necessary research and development. Private technology companies would often open up branches near space and military installations to do contract work and this of course brought further positive externalities. Defense spending has thus been extremely important for the south.

6 - DISADVANTAGES OF LOW TAX, LOW WAGE DEVELOPMENT

Some select areas of the south have managed to develop and attract research parks and high technology employment. The first successful example was Research Triangle Park in North Carolina. Situated near Duke University, the University of North Carolina and North Carolina State the park is a result of deliberate government action to attract employment that pays higher wages. Indeed, the area boasts more PhDs per capita than any other of similar size. Other pockets in the south have imitated this strategy with some success. The University of Georgia’s Research Park and the Virginia Science center are prominent examples. However, while this phenomenon has positive implications for the select areas, southern employment is still skewed toward low wage, low tech endeavors.

The skewed distribution of southern industry toward low wage employers is the result of a deliberate strategy. The region's comparative advantage naturally would be in this sort of employment, as the north was the first to industrialize and had higher worker compensation. In addition, the south has always lagged behind the north since compulsory education began. There is a tradition of anti-intellectualism in the region, which perhaps contributed to the phenomenon. In addition, there may have been a low social return to education within the south as learned residents often left the region to work elsewhere. However, as industrialization proceeded, it unquestionably became part of a deliberate policy.

TABLE 1 (See ANNEX) shows the percent of the populace that has not graduated from high school for selected southern states. Note that in comparison to the rest of the country, the figure is generally quite high. This then means a low skill workforce, and TABLE 2 (See ANNEX) covers manufacturing wages for a number of southern states. This figure is, not surprisingly, generally low relative to the national average.

A ranking of human capital indices regarding education LEHNEN & MCGREGOR (1994) found that most southern states were near the bottom of the nation in terms of both basic and complex learning. Mississippi, for instance, ranked last in basic learning, while Louisiana, South Carolina, Georgia, Alabama, and North Carolina are, in ascending order, the next worse in the nation. Low taxes imply low services across a broad range of categories, and this often translates into a low level of human development. TABLE 3 (See ANNEX) shows infant mortality rates for a number of southern states. For all but Kentucky, the rates are above the national average, and for some they are appallingly high. This undoubtedly has a deleterious effect on industrial productivity.

While most industries in Dixie are relatively low-skill, there is no question that poor education has hampered the attraction of numerous firms. NICHOLLS (1960) early on speculated that poor education was in some ways a retardant for southern growth. This problem became more acute as time went on and more high technology industries were desired. These required skilled workers, often from outside the area who would be concerned about school quality for their children. Other problems of a low-service government, such as poor roads and facilities also led potential employers to locate elsewhere. Union City, Tennessee, in 1950, for example, attempted to attract a plant and was denied. When asked about the reason for the decision, company officials frankly admitted that the poor level of services and infrastructure had been the decisive factors (COBB, 1982).

Development officials pleaded for greater spending on education and other services. However, such pleas ran into the fact that low taxes were part of the strategy to attract businesses. There were some concessions to those who lobbied for greater education. In 1940, the south as a region had per-student expenditures equal to half of the national average. By 1968, this figure had risen to 78 percent (COBB, 1982). However, while urban business centers have seen some improvement, the problem remains acute for many rural areas. According to one study ROSENFELD, BERMAN & RUBIN (1989) underdeveloped human resources are the region's biggest liability.

While the region has come close to the rest of the country in terms of *per-capita* income, this emphasis on low-wage work has left it with the most unequal distribution of income within a region for the whole nation. Again, many rural areas are woefully poor. Even some of the high-tech successes such as the research parks are staffed by professionals who generally have their roots outside the region. WRIGHT (1986) notes that many transplanted New York professionals complain that "you can't meet anyone in Atlanta who's from the south". The poor level of basic education makes it difficult for many native-born southerners to advance beyond low wage work.

In addition to the obvious drawback of not being able to attract higher-wages to the region, the south also finds itself dependent on "footloose" industry. These plants were attracted to the south due to the low tax, low wage, business-friendly environment it provided.

Unfortunately, with capital increasingly global, there are many other locations around the world where these features exist even more than in the southern United States. As MALECKI (1995) points out, many low-wage industries that have been attracted to the former Confederacy are leaving the United States altogether for even lower wages in developing countries. Some industries such as textiles are under constant pressure from foreign competition. The title of a development report-"After the Factories", questions what will happen as the wage advantage *vis-à-vis* emerging market nations. Thus the long-run implications of a strategy excessively obsequious to business interests may not be particularly positive.

7 - CONCLUSIONS

The southern United States has undergone fifty years of growth which has outpaced the rate in the rest of the nation. This has allowed it to catch up with the rest of the country and dramatically lower the income gap. While neoclassical models of growth and wages posit that market forces eventually cause convergence, the evidence for the south indicates that market forces alone did not work to equalize incomes in this case. For over seventy years, the income gap persisted, despite a very *laissez-faire* regime. Rather, deliberate government action in the form of New Deal farm and minimum wage legislation, government spending and transfers, and a low tax, low wage, anti-union environment fostered by local governments have successfully lowered the gap. This has important implications for countries such as Brazil containing unequal income distributions across regions. Waiting for market forces to equlibrate incomes in say, Northeast Brazil with the rest of the nation may result in an extremely long wait indeed. As a cautionary note, the lack of education in the American South has hampered the attraction of high-wage industry and may cause future problems if that industry continues moving into other countries. Thus, policymakers would be wise not to rely excessively on a low tax, low wage strategy.

Resumo:

A porção sudoeste dos Estados Unidos tem uma longa história como a região mais pobre e mais subdesenvolvida da nação. Como tal, esta região é semelhante às regiões pobres de outras nações, como o Nordeste do Brasil. Desde a década de 30, o Sul tem experimentado um aumento substancial em renda e está agora em uma situação de quase paridade com o resto do país. Enquanto alguns sugerem que esta transformação é o resultado de forças de mercado independentes (sem ajuda política), uma olhada nos registros sugere o contrário. De importância vital ao desenvolvimento foram as intervenções do *New Deal*, o que aumentou os salários e trouxe avanços tecnológicos para a economia agrícola tradicional do Sul. Depois da II Guerra Mundial, os políticos do Sul conseguiram atrair a indústria, mantendo os sindicatos a distância. Mais tarde, esses líderes políticos foram capazes de trazer muitos dos gastos federais para seus distritos, principalmente aqueles relacionados com atividades militares. Esses esforços "políticos" foram vitais para o crescimento da região. Enquanto a antipatia aos sindicatos e a atmosfera pró-*business* contribuíram para o aumento da oferta de emprego, ela também teve um lado negativo, na forma de baixa educação e outras medidas relativas ao desenvolvimento humano. Os envolvidos na criação de uma política de desenvolvimento regional gostam de observar a experiência do Sul dos Estados Unidos.

Palavras-Chave:

Desenvolvimento Regional; Política de Desenvolvimento Regional; Estados Unidos da América.

ANNEX

TABLE 1

Percent not finished high school	**Source: Statistical Abstract of United States**
United States(1996)	24.8
Alabama	33.1
Arkansas	33.7
Florida	25.6
Georgia	29.1
Kentucky	35.4
Louisiana	31.7
Mississippi	35.7
North Carolina	30.0
South Carolina	31.7
Tennessee	32.9
Texas	27.9
Virginia	24.8

FONTE: UNITED STATES. Government Printing Office. **Statistical abstracts of the United States**. Washington, D.C., [19--].

TABLE 2

Average hourly manufacturing wages	**Source: Statistical Abstract of United States**
United States(1980)	7.27
Alabama	6.49
Arkansas	5.71
Florida	5.98
Georgia	5.77
Kentucky	7.34
Louisiana	7.74
Mississippi	5.44
North Carolina	5.37
South Carolina	5.59
Tennessee	6.08
Texas	7.15
Virginia	6.22

FONTE: UNITED STATES. Government Printing Office. **Statistical abstracts of United States**. Washington, D.C., [19--].

TABLE 3

Infant mortality rates (per 1000 births)	Source: Statistical Abstract of United States
United States(1994)	8.0
Alabama	10.1
Arkansas	9.2
Florida	8.1
Georgia	10.2
Kentucky	7.8
Louisiana	10.6
Mississippi	11.0
North Carolina	10.0
South Carolina	9.3
Tennessee	8.9
Texas	7.1
Virginia	8.3

FONTE: UNITED STATES. Government Printing Office. **Statistical abstracts of the United States**. Washington, D.C., [19--].

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